



Results DNB Group

Fourth quarter 2019

Kjerstin R. Braathen (CEO)
Ottar Ertzeid (CFO)

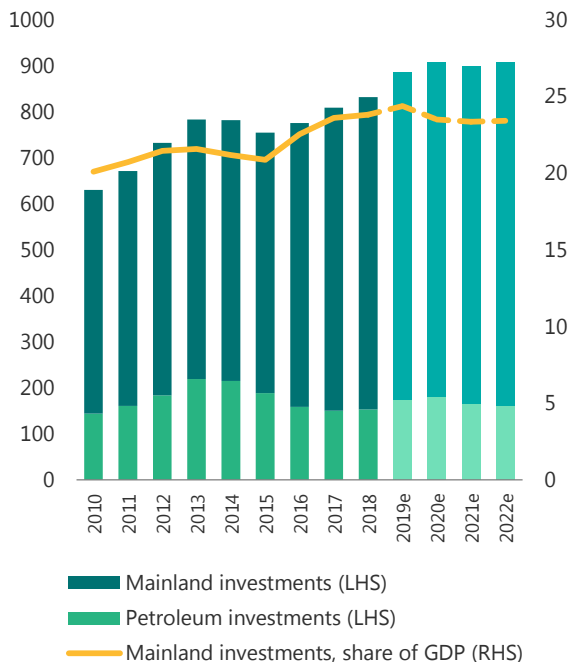
Q4

Norwegian economy – growth and unemployment rate around normal level

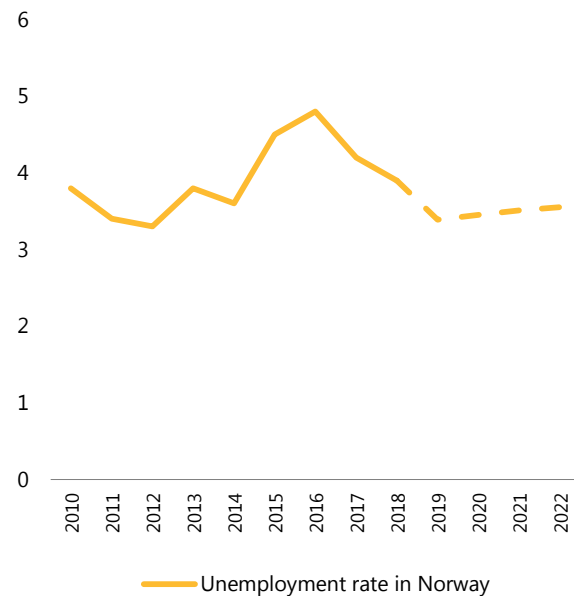
Mainland real GDP growth
Per cent



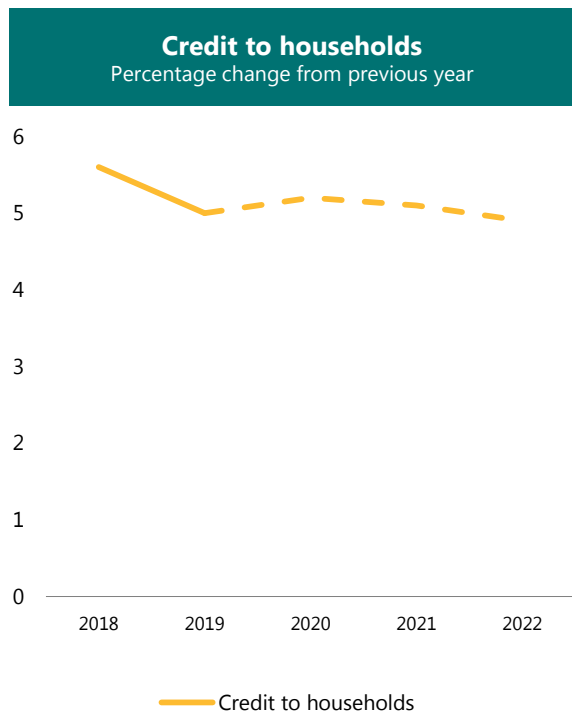
Investments in Norway
NOK bn (constant 2016 prices), share of GDP in per cent



Unemployment rate
Per cent

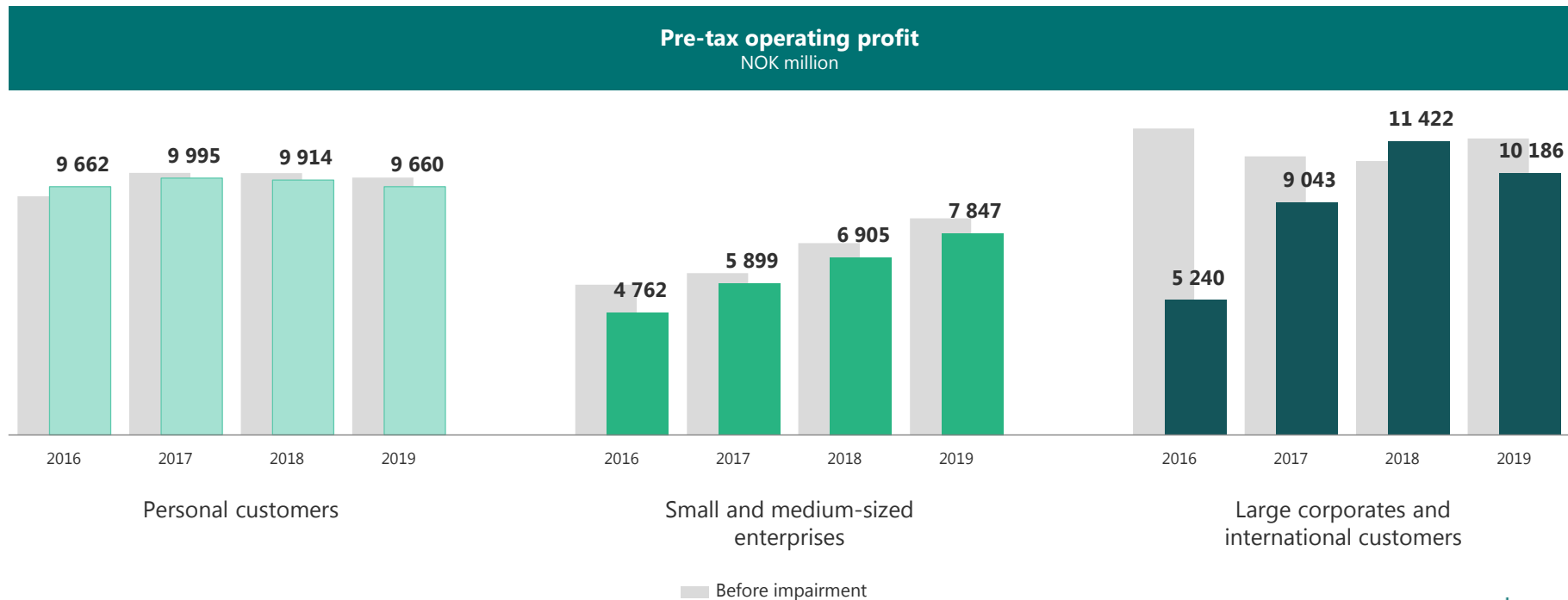


Norges Bank projections – continued solid Norwegian macro backdrop



Solid performance in all customer segments

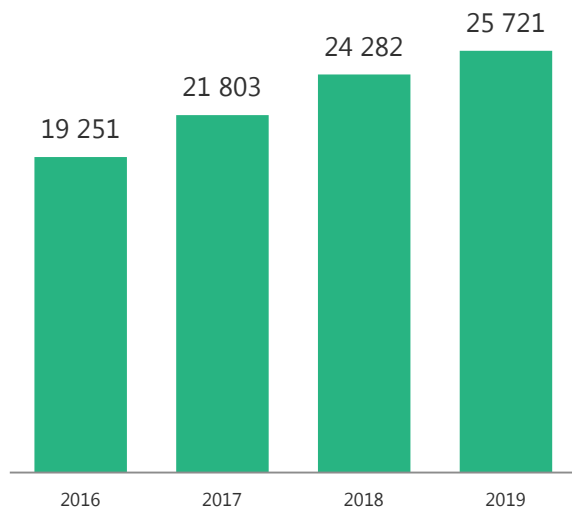
- Personal customers – stable profits driven by interest rate hikes and continued investments in digital distribution channels
- Small and medium-sized enterprises – profitable growth reflected in high net interest income and other income
- Large corporates and international customers – solid development in income and reduced non-core portfolio



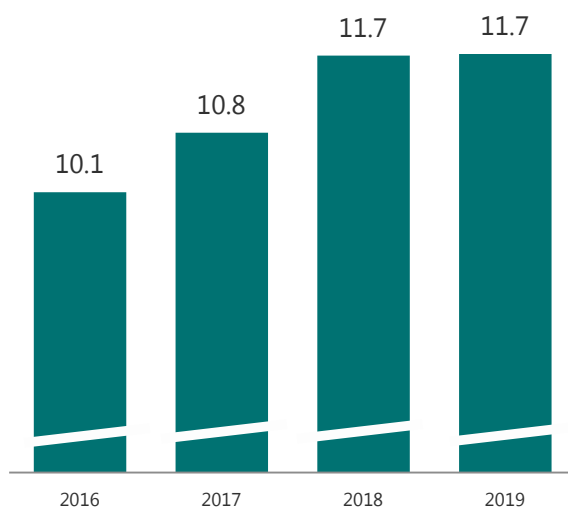
Profitable growth and solid asset quality

- Profit for the year up 5.9 per cent from 2018
- Solid return on equity
- Earnings per share up 6.7 per cent from 2018, increase in net profit combined with share buy-backs

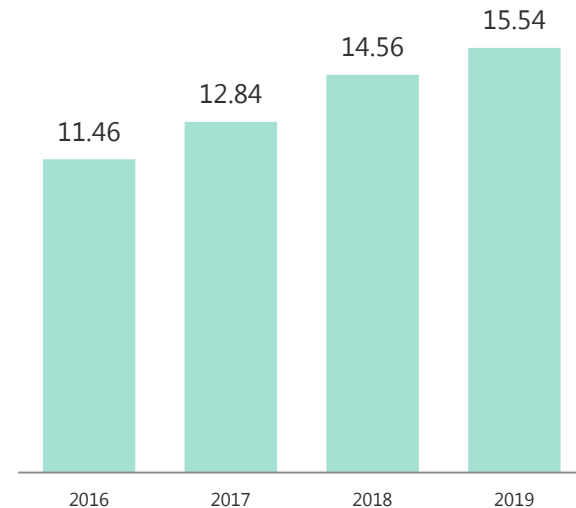
Profit for the year
NOK million



Return on equity
Per cent

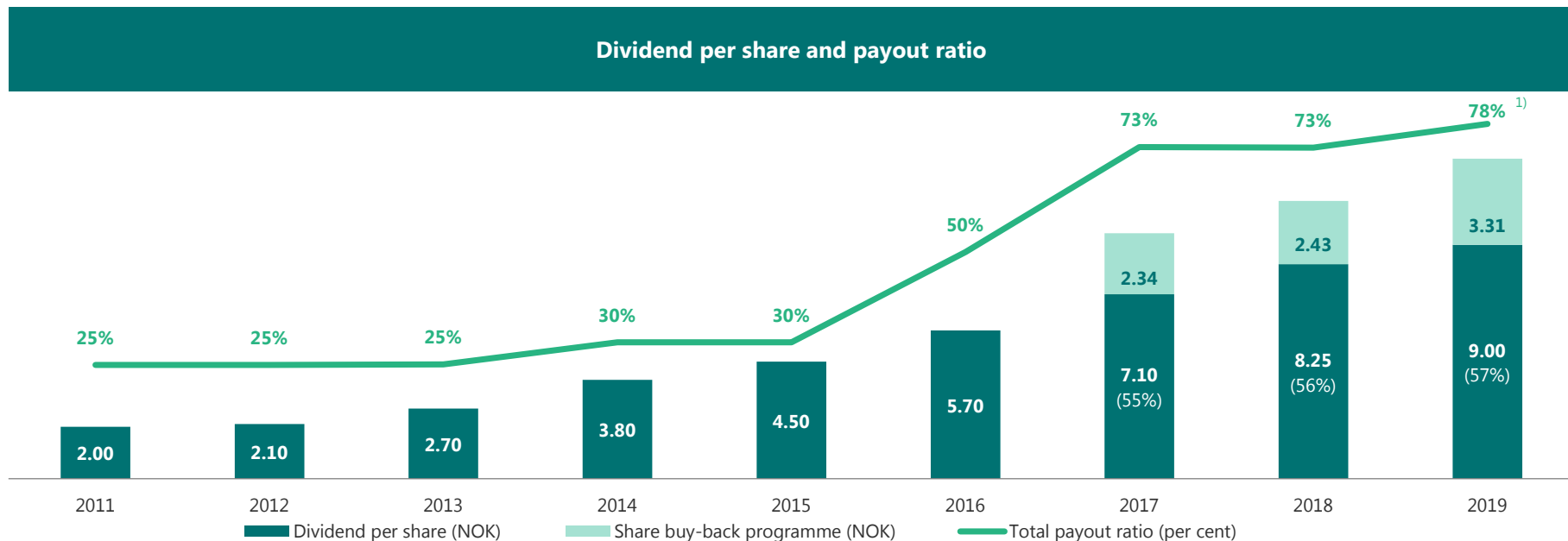


Earnings per share
NOK



Continued increase in dividend per share

- Cash dividend per share NOK 9.00, an increase of 9.1 per cent
- Additional 0.5 per cent share buy-back announced today, extending the share buy-back programme for 2019 to 2.0 per cent
- New proposal to the Annual General Meeting for a share buy-back programme in 2020 of up to 3.5 per cent of outstanding shares

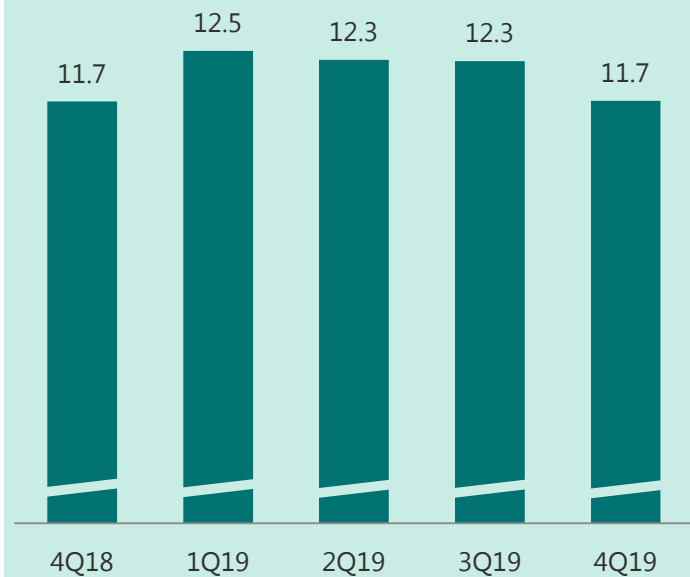


1) The payout ratio is based on the assumption that the full 2.0 per cent buy-back programme is completed before the Annual General Meeting.

Strong development in core business in the fourth quarter

Return on equity

Per cent, trailing 12-month figures



Return on equity of 10.4 per cent in 4Q19

ROE of 12.0 per cent excluding value changes on basis swaps and AT1 capital ¹⁾

Net interest income up 7.7 per cent from 4Q18 and 3.6 per cent from 3Q19

Positively affected by repricing and increased volumes

Stable net commissions and fees compared with 4Q18

Up 4.4 per cent year-on-year

Impairment of financial instruments at low level

Impairment relative to average net loans down from 0.30 per cent in 3Q19 to 0.04 per cent in 4Q19

Additional 0.5 per cent share buy-back programme announced

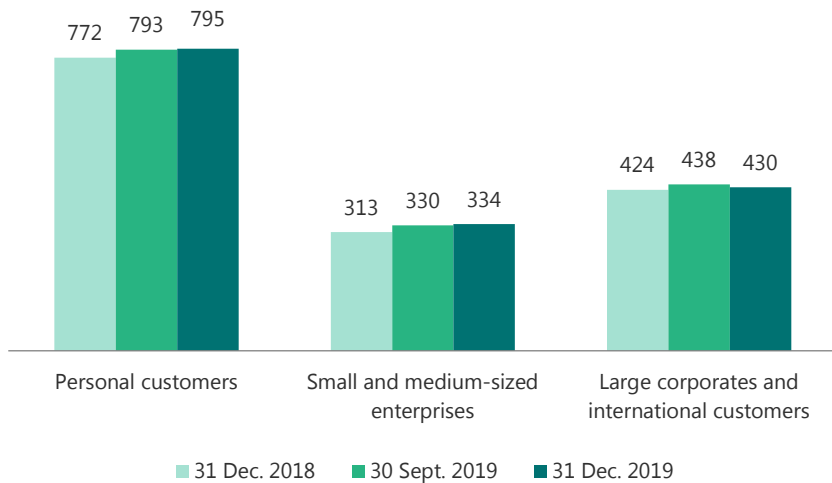
Bringing the total buy-back programme to 2.0 per cent, reflecting the strong CET1 capital ratio of 18.6 per cent

1) Additional Tier 1 capital.

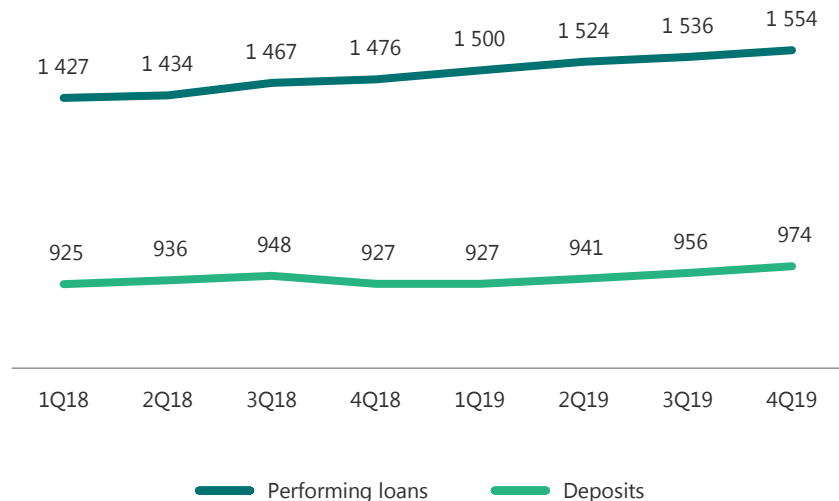
Growth in the segments in line with expectations

- Growth in loans to customers ended at 3.4 per cent and in customer deposits at 5.3 per cent
- Average loans increased by 1.2 per cent and average deposits by 1.9 per cent in the quarter

Loans per customer segment
NOK billion



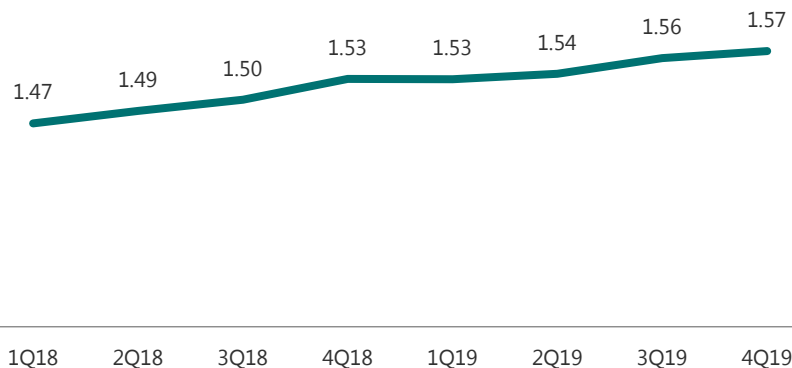
Average loans and deposits in the customer segments
NOK billion



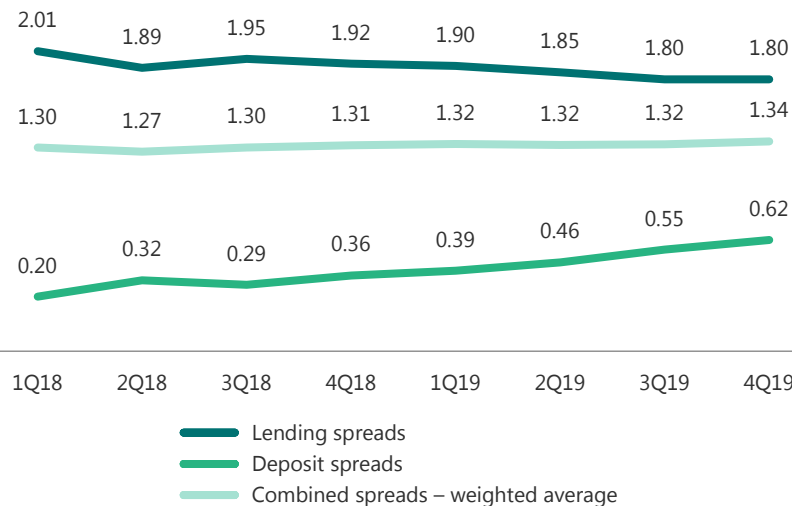
Net interest margin increased as a result of repricing

- Net interest margin increased to 1.61 per cent in 4Q19, despite NOK 169 million in increased resolution and deposit guarantee fund fees for 2019 recognised in the quarter
- Further increase in net interest margin from interest rate hikes implemented in 4Q19, with full effect from 1Q20
- Increase in combined spreads, with wider deposit spreads and stable lending spreads

Net interest margin ¹⁾
Per cent, trailing 12-month figures

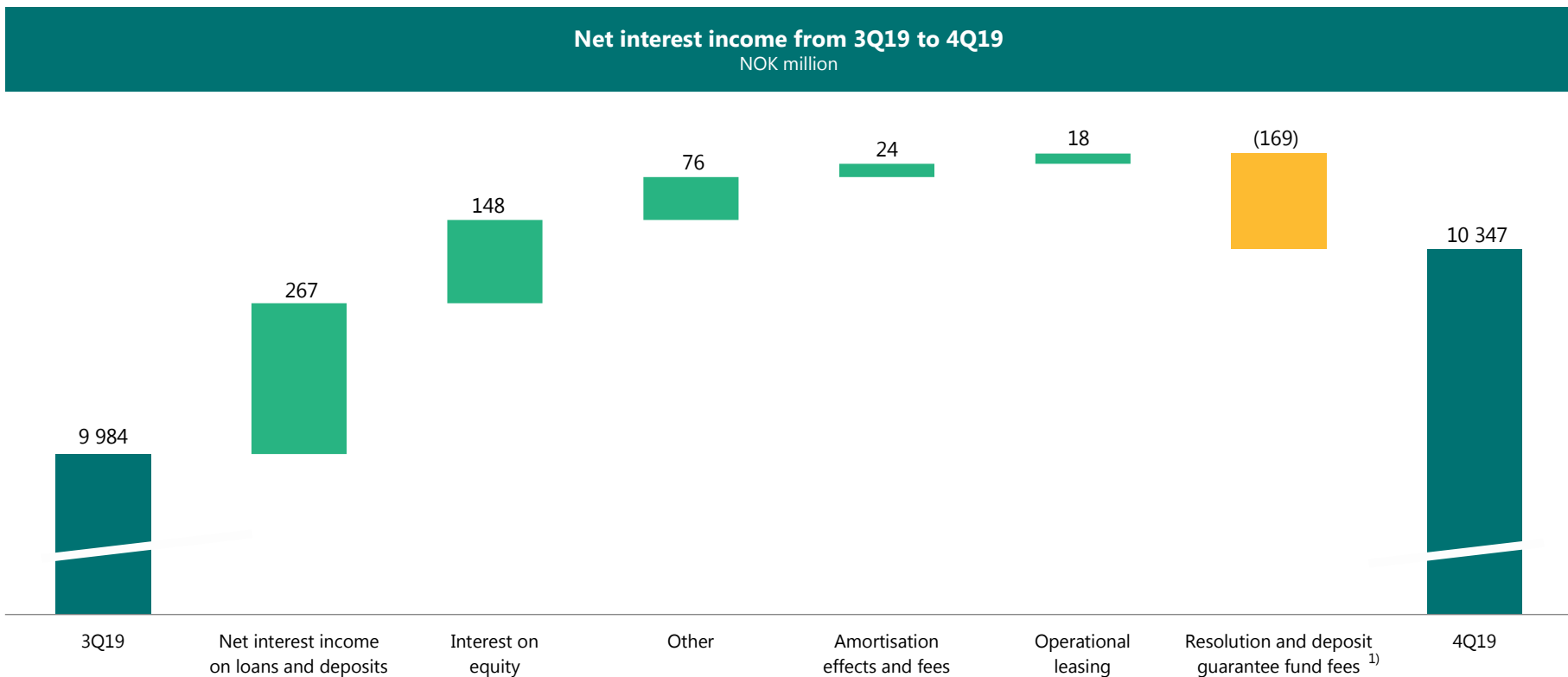


Spreads in customer segments
Per cent



1) Total net interest income relative to average loans and deposits in the customer segments.

Continued profitable growth and further positive effects from repricing – net interest income up 3.6 per cent

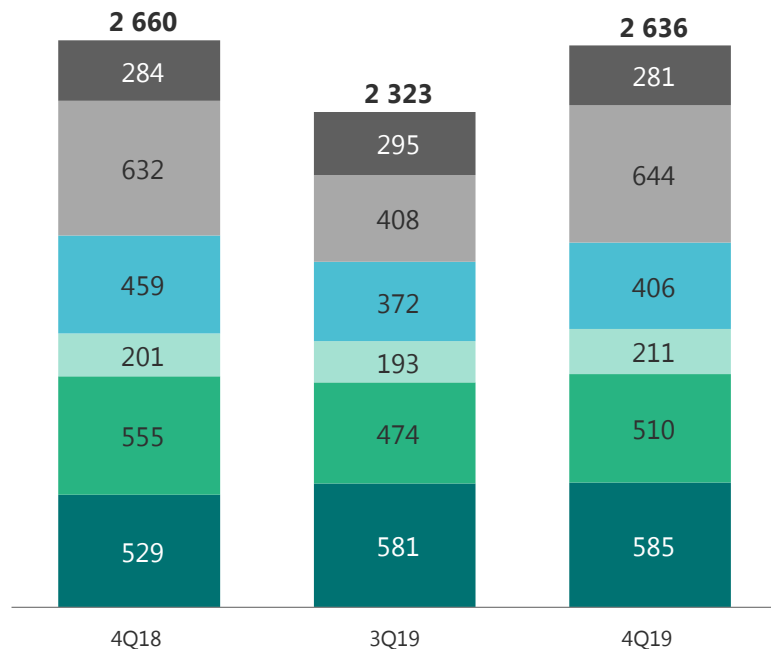


1) Adjusted for increased resolution and deposit guarantee fund fees 1Q-3Q19 (NOK 127 million) – NII up 5.4 per cent.

Solid income from commissions and fees

Commissions and fees

NOK million

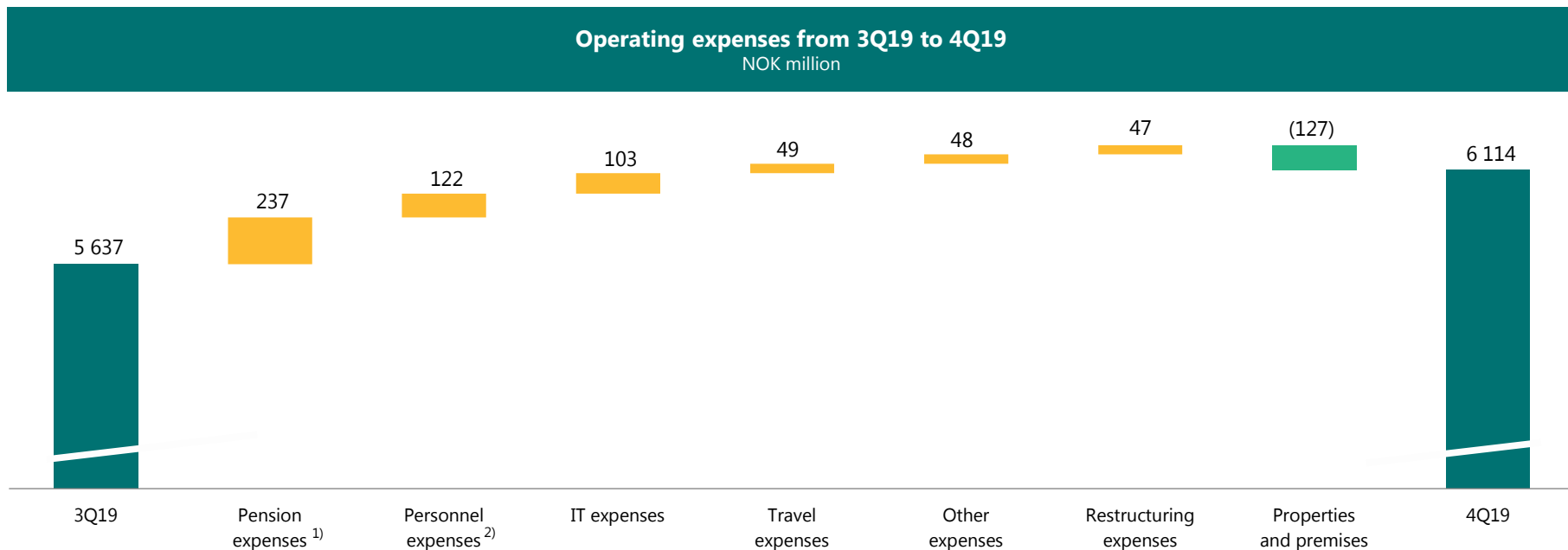


- **Real estate broking**
Stable income, high activity within residential real estate broking
- **Investment banking services**
High activity in DCM, ECM and M&A ¹⁾
- **Asset management and custodial services**
Solid volume growth leading to 21.7 per cent increase in ordinary asset management fees, offset by reduced performance fees
- **Guarantee commissions**
Increase of 4.8 per cent from 4Q18
- **Money transfer and banking services**
Sign-on fees for the whole year of NOK 40 million was recognised in 4Q18
- **Sale of insurance products**
Non-life insurance products (Fremtind) and defined contribution pensions contributed to an increase of 10.6 per cent from 4Q18

1) DCM: Debt capital markets. ECM: Equity capital markets. M&A: Mergers and acquisitions.

Operating expenses affected by high activity and non-recurring items

- Expenses in 4Q19 affected by one-offs and expenses related to previous quarters



1) NOK 121 million related to previous quarters in 2019.

2) NOK 57 million stems from insufficient provisions in 1Q19.

Healthy asset quality – positive development in risk numbers

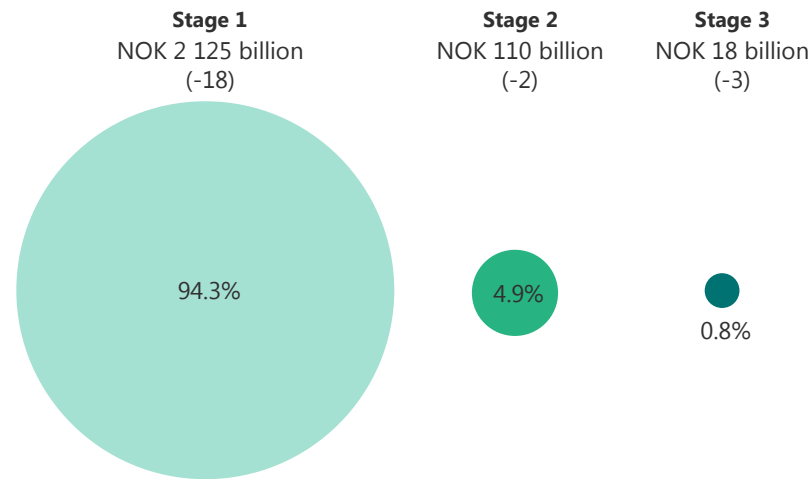
- 94.3 per cent of the exposure is low risk (stage 1), improved from 94.0 per cent in 4Q18
- Net impairment losses of NOK 2 191 million for the year, 0.13 per cent of average lending
- Stable macroeconomic drivers in the quarter

Impairment of financial instruments per customer segment

NOK million

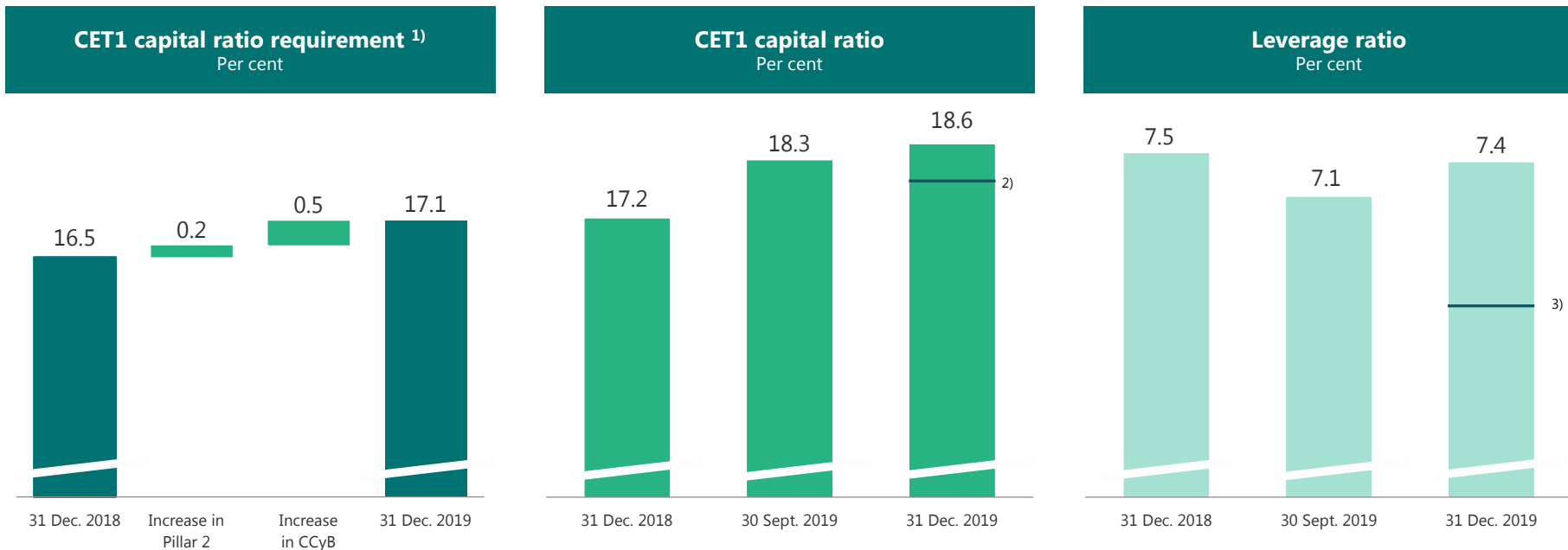
	4Q19	3Q19	Full year 2019	Full year 2018
Personal customers	(103)	(73)	(353)	(318)
Small and medium-sized enterprises	(143)	(16)	(595)	(566)
Large corporates and international customers	68	(1 159)	(1 240)	1 022
Total	(178)	(1 247)	(2 191)	139

Maximum exposure (on and off-balance sheet items), net of accumulated impairment losses



DNB delivers strong results and is well positioned for future regulatory requirements

- The Ministry of Finance has asked Finanstilsynet (FSA) to review the connection between Pillar 1 and the Pillar 2 (including Pillar 2 Guidance) for Norwegian banks
- The second part of the Fremtind transaction and increased ownership to 40 per cent will reduce CET1 capital ratio by 0.2 percentage point in 1Q20
- The implementation of CRR/CRD IV affected leverage ratio negatively by 0.1 percentage point



1) Including the management buffer (Pillar 2 Guidance). The requirement will increase by approx. 0.1 per cent from end 2020 (systemic risk buffer).

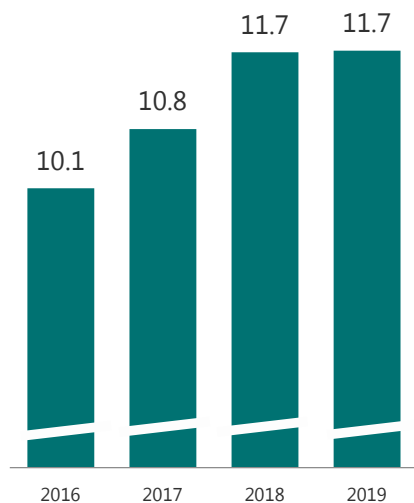
2) Target of approx. 17.9 per cent.

3) Requirement of 6.0 per cent.

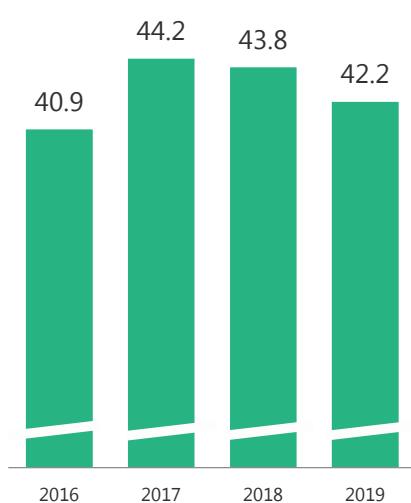
Profitable growth and solid asset quality

- Improved cost/income ratio due to healthy growth in income – positive jaws
- Earnings per share up 6.7 per cent from 2018 – increase in net profit combined with share buy-backs
- Dividend per share up 9.1 per cent from 2018

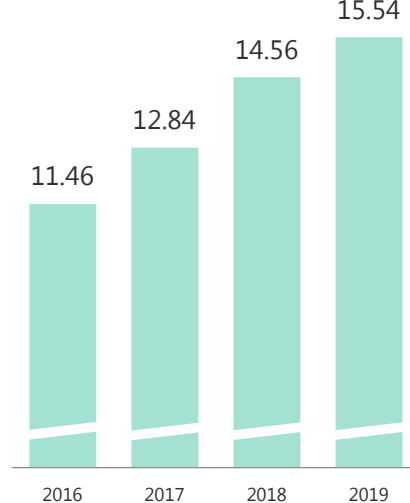
Return on equity
Per cent



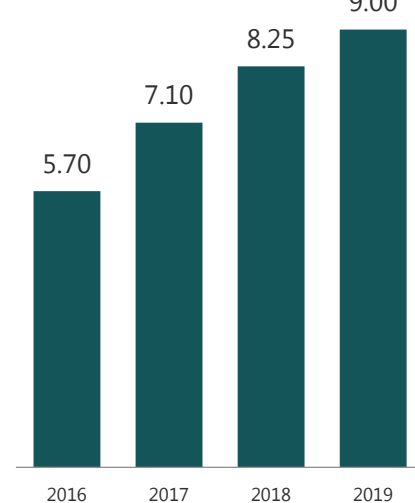
Cost/income ratio
Per cent



Earnings per share
NOK



Dividend per share
NOK



Financial ambitions 2020-2022 affirmed

Our financial ambitions



CET1 capital ratio

~**17.9%**

Capital level

C/I ratio

<40%

Key performance indicator

Payout ratio

> 50%

Dividend policy

Future prospects

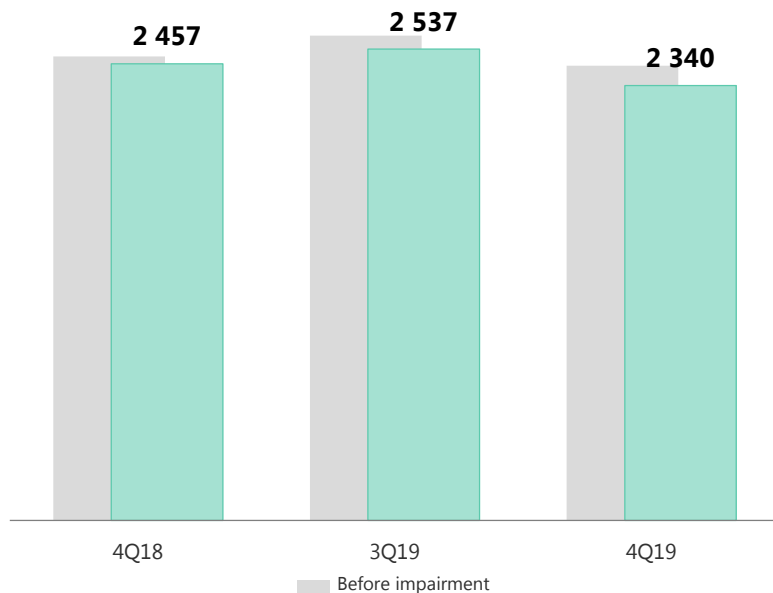
- Expectation of ~3–4 per cent annual increase in lending and deposit volumes
- Ambition to increase net commissions and fees by ~4–5 per cent annually
- The tax rate expected to be 20 per cent in 2020 and 21 per cent in 2021

APPENDIX

Personal customers – healthy growth in both loans and deposits

Pre-tax operating profit

NOK million

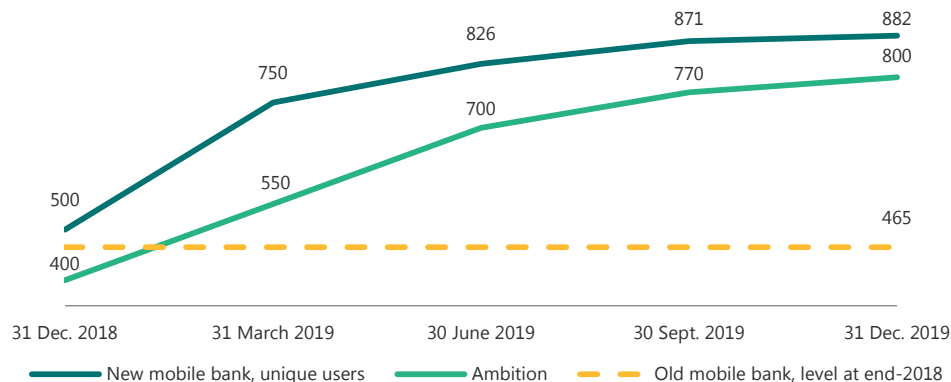


Financial highlights

- Loans to customers up 3.0 per cent and deposits from customers up 3.2 per cent from 31 Dec. 2018
- Net interest income up 1.7 per cent from 4Q18, despite increased resolution and deposit guarantee fund fees
 - Fourth interest rate hike implemented in November with full effect from 1Q20
- Pre-tax operating profit affected by sale of DNB Forsikring and one-offs

Mobile bank – number of active users each quarter

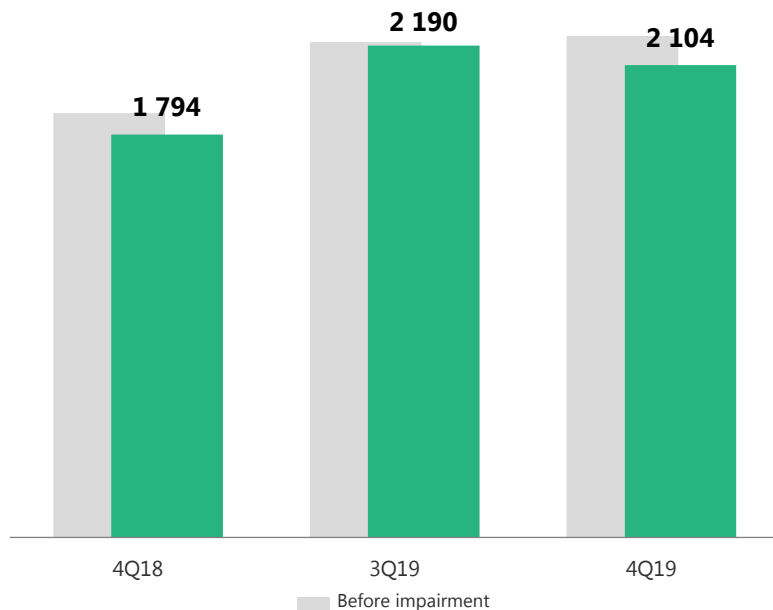
Thousands



Small and medium-sized enterprises – profitable growth continues

Pre-tax operating profit

NOK million

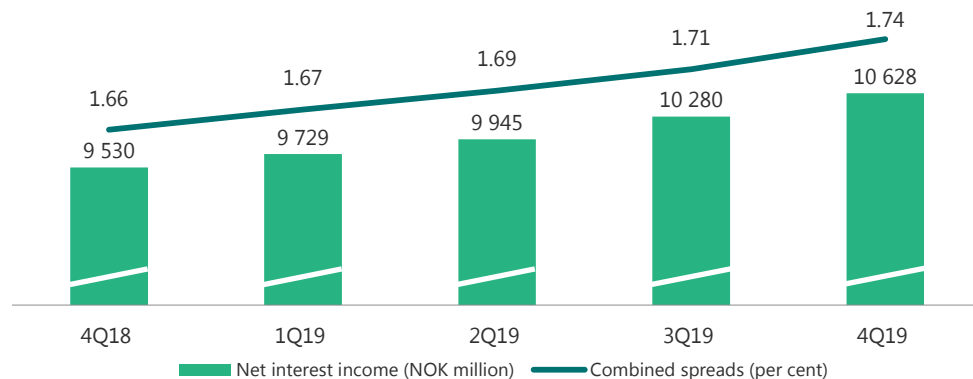


Financial highlights

- Loans to customers up 6.8 per cent and deposits up 8.2 per cent from 31 Dec. 2018
- Net interest income up 14.1 per cent from 4Q18, driven by increased volumes and wider deposit spreads
- Other operating income up 13.6 per cent from 4Q18, driven by investment banking services

Development in net interest income and combined spreads

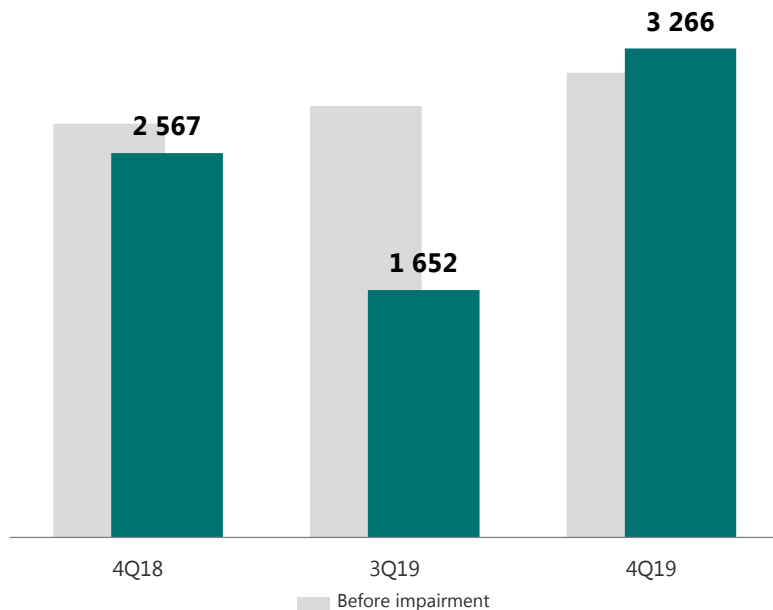
Trailing 12-month figures



Large corporates and international customers – solid performance

Pre-tax operating profit

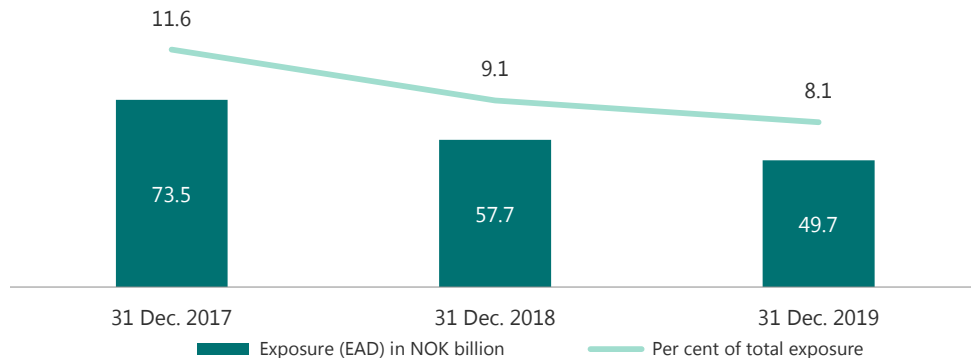
NOK million



Financial highlights

- Improved lending spreads contributing to an increase in net interest income of 8.4 per cent from 4Q18
- High activity within investment banking
 - DNB Markets no. 1 in Prospera CSI ¹⁾, Corporate Finance category Norway
- Net reversals of impairment losses in 4Q19, stable credit quality

Development in high-risk and stage 3 exposures ²⁾



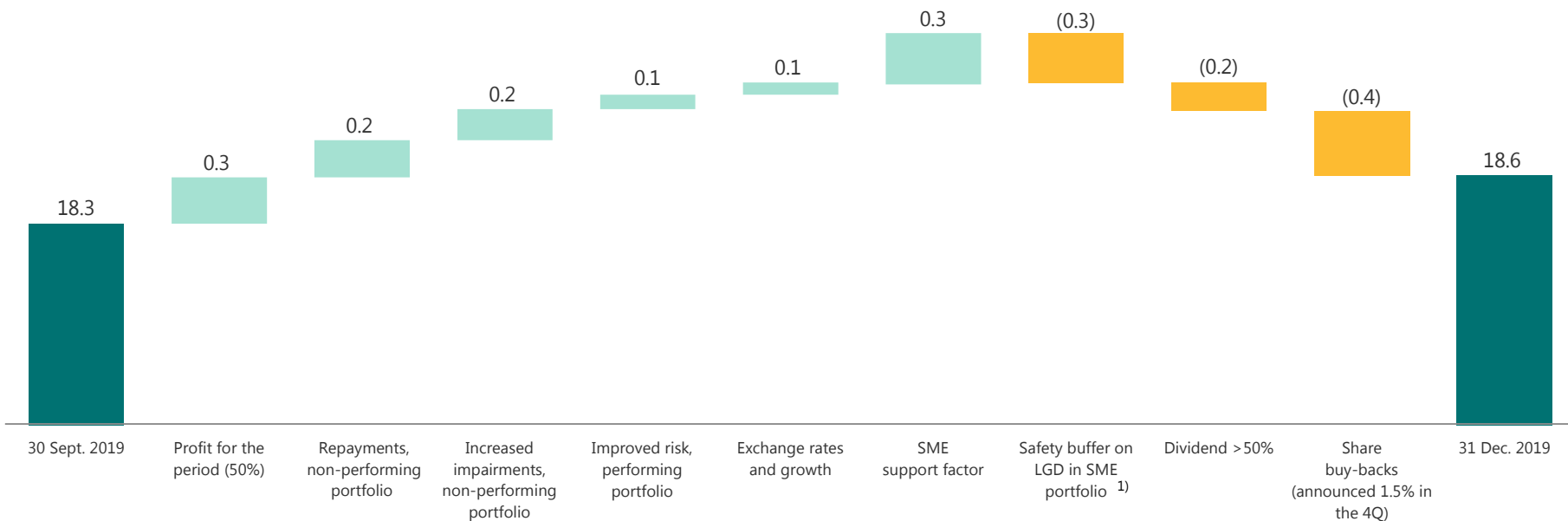
1) CSI: Customer Satisfaction Index.

2) 'High-risk' is defined as probability of default (PD) ≥ 3 per cent. 'Stage 3' is defined as non-performing and doubtful portfolio.

Improved CET1 capital ratio

Development in CET1 capital ratio from 30 September 2019 to 31 December 2019

Per cent



1) Finanstilsynet (FSA) implemented a 'safety buffer' for Loss Given Default (LGD) estimates in the SME portfolio in December 2019.

DISCLAIMER

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this presentation may include forward-looking statements, such as statements of future expectations. These statements are based on the management's current views and assumptions, and involve both known and unknown risks and uncertainties.

Although DNB believes that the expectations reflected in any such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity, (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/or foreign governments, or supranational entities.

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This presentation contains alternative performance measures, or non-IFRS financial measures. Definitions and calculations are presented in our quarterly reports.



Results DNB Group

Fourth quarter 2019

**We are here.
So you can stay
ahead.**